



# Honduran-U.S. Relations

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## Summary

On June 28, 2009, the Honduran military detained President Manuel Zelaya and flew him to exile in Costa Rica, ending 27 years of uninterrupted democratic, constitutional governance. The move was backed by the Honduran Supreme Court and National Congress, which selected Roberto Micheletti, the head of Congress, to fulfill the rest of Zelaya's term. Zelaya's removal was brought on by the ousted president's insistence in pushing ahead with a referendum that was ruled illegal and eventually could have led to changes to the Honduran constitution. The United States and international community have universally condemned the events in Honduras and called for a restoration of Zelaya and the rule of law. Those involved in the ouster and some sectors of Honduran society have rejected the international response, and maintain that Zelaya's removal was an internal matter that was necessary to protect the country's constitution.

The political instability brought about by the removal of President Zelaya has created yet another challenge for Honduras, one of the hemisphere's poorest countries. In addition to significant challenges in the areas of crime, human rights, and improving overall economic and living conditions, the country faces a poverty rate of nearly 70%, high infant mortality, and a significant HIV/AIDS epidemic.

While traditional agricultural exports of coffee and bananas are still important for the economy, nontraditional sectors, especially the maquiladora, or export-processing industry, have grown significantly over the past decade. The economy, which grew by 6.3% in 2007 and 4% in 2008, has benefitted from significant debt reduction by international financial institutions that have freed government resources to finance poverty-reduction programs. The global financial crisis and current political crisis, however, are expected to slow economic growth sharply in 2009.

The United States has a close relationship with Honduras, characterized by an important trade partnership, a U.S. military presence in the country, and cooperation on a range of transnational issues. In addition to being a party to the Dominican Republic-Central America Free Trade Agreement (DR-CAFTA), Honduras has cooperated extensively with the United States on counternarcotics and port security. Some 78,000 Hondurans living in the United States have been provided temporary protected status (TPS) since the country was devastated by Hurricane Mitch in 1998. The United States also provides significant foreign assistance to Honduras, amounting to \$40.5 million in FY2008 and an estimated \$43 million in FY2009.

Several resolutions have been introduced in the 111<sup>th</sup> Congress regarding the political crisis in Honduras. On July 8, 2009, H.Res. 619 (Mack) and H.Res. 620 (Serrano) were introduced in the House. H.Res. 619 expresses strong support for the people of Honduras, condemns President Zelaya for his "unconstitutional and illegal" actions, and calls on all parties to seek a peaceful resolution. H.Res. 620 calls upon the Micheletti government to end its "illegal seizure of power," allow President Zelaya to return to office, and work within the rule of law to resolve the situation, and condemns violence against peaceful demonstrators. On July 10, H.Res. 630 (Delahunt) was introduced in the House. The resolution condemns the "coup d'etat" in Honduras and refuses to recognize the Micheletti government; calls for the reinstatement of President Zelaya; urges the Obama Administration to suspend non-humanitarian assistance to Honduras; calls for international observation of the November 2009 elections; and welcomes the mediation efforts of Costa Rican President Oscar Arias.

## Contents

|   |    |
|---|----|
| Recent Developments.....                        | 1  |
| Political Situation.....                        | 4  |
| Zelaya Administration.....                      | 4  |
| 2009 Political Crisis.....                      | 5  |
| Constitutional Referendum.....                  | 5  |
| Detention and Expulsion of Zelaya.....          | 6  |
| Micheletti Government .....                     | 7  |
| International Pressure.....                     | 8  |
| Current Situation.....                          | 9  |
| November 2009 Elections .....                   | 10 |
| Economic and Social Conditions .....            | 11 |
| Issues in U.S.-Honduran Relations .....         | 14 |
| U.S. Response to Honduran Political Crisis..... | 14 |
| U.S. Foreign Assistance .....                   | 15 |
| Military Cooperation.....                       | 17 |
| Economic Linkages.....                          | 18 |
| Crime.....                                      | 20 |
| Migration Issues.....                           | 21 |
| Temporary Protected Status.....                 | 21 |
| Deportations .....                              | 21 |
| Drug Trafficking .....                          | 22 |
| Human Trafficking.....                          | 23 |
| Port Security .....                             | 23 |

## Figures

|                                 |    |
|---------------------------------|----|
| Figure 1. Map of Honduras ..... | 13 |
|---------------------------------|----|

## Tables

|  |    |
|--|----|
| Table 1. U.S. Foreign Aid to Honduras, FY2006-FY2010 ..... | 16 |
|--|----|

## Contacts

|                                  |    |
|----------------------------------|----|
| Author Contact Information ..... | 24 |
|----------------------------------|----|

## Recent Developments

For background and information on the ongoing political crisis in Honduras, see “2009 Political Crisis.” For information on the U.S. response, see “U.S. Response to Honduran Political Crisis.”

On September 9, 2009, the Millennium Challenge Corporation terminated two transportation projects totaling \$11 million from its compact with Honduras and put another \$4 million on hold (see “U.S. Foreign Assistance”).

On September 3, 2009, exiled President Manuel Zelaya met with U.S. Secretary of State Hillary Clinton. On the same day, the U.S. State Department announced that it was terminating nearly \$22 million in previously suspended foreign assistance to Honduras, revoking the visas of some members and supporters of the Micheletti government, and would be unable to support the outcome of the November elections given the current conditions.

On August 31, 2009, the electoral campaign for the November 29, 2009, general elections in Honduras officially commenced.

On August 25, 2009, a delegation of foreign ministers from the Organization of American States (OAS) left Honduras after a three-day mission that failed to convince the Micheletti government to accept the San José Accord. On the same day, the U.S. State Department announced that it was suspending non-emergency, non-immigrant visa services in the consular section of the embassy in Honduras.

On August 23, 2009, the Honduran Supreme Court issued a statement in opposition to the San José Accord.

On August 21, 2009, the Inter-American Commission on Human Rights (IACHR) concluded a five-day visit to Honduras. The Commission—which met with representatives of the Micheletti government, representatives of various sectors of civil society, and more than 100 individuals—“confirmed the existence of a pattern of disproportionate use of public force on the part of police and military forces, arbitrary detentions, and the control of information aimed at limiting political participation by a sector of the citizenry ... [that have] resulted in the deaths of at least four persons, dozens of injuries, thousands of arbitrary detentions, the temporary shutdown of television channels, and threats and assaults against journalists.”

On July 28, 2009, the U.S. Department of State announced that it had revoked the diplomatic visas of four members of the Honduran government and is reviewing the visas of others.

On July 24, 2009, exiled President Manuel Zelaya briefly crossed the Nicaraguan border, entering Honduras for the first time since his June 28 removal.

On July 22, 2009, Costa Rican President Oscar Arias modified his previously rejected proposal and offered a 12-point plan, known as the San José Accord, to resolve the Honduran political crisis. Zelaya accepted the plan, and Micheletti’s negotiation team said it would take the proposal back to the independent branches of government in Honduras to consider.

On July 20, 2009, the European Union suspended some 65.5 million euros (\$93 million) in budget aid to Honduras.

On July 18, 2009, Costa Rican President Oscar Arias proposed a seven-point plan to end the political conflict in Honduras. While the plan was agreed to in principle by Zelaya's representatives, it was rejected by Micheletti.

On July 9, 2009, Zelaya and Micheletti met separately with President Arias in Costa Rica to discuss a solution to the situation in Honduras. Zelaya and Micheletti never spoke face to face, and left the country after the meetings, designating representatives to continue negotiations.

On July 7, 2009, Zelaya met with U.S. Secretary of State Hillary Clinton in Washington, DC. Following their meeting, Secretary Clinton announced that Zelaya and Micheletti had agreed to engage in negotiations mediated by Costa Rican President Oscar Arias.

On July 5, 2009, Zelaya attempted to return to Honduras but the Micheletti government prevented his plane from landing.

On July 4, 2009, the Organization of American States suspended Honduras for failing to return Zelaya to power within three days, as directed by a previous OAS resolution.

On July 2, 2009, the U.S. State Department announced it would suspend foreign assistance programs to Honduras that it would be legally required to terminate should it declare the events in Honduras a "military coup."

On July 1, 2009, the Organization of American States adopted a resolution that would suspend Honduras' membership in the organization if the country failed to restore President Zelaya to power within three days. On the same day, the United Nations General Assembly adopted a resolution condemning Zelaya's ouster and calling for his immediate return, U.S. Southern Command ordered U.S. troops to minimize contact with the Honduran military, and the Honduran National Congress suspended a number of constitutional rights—such as the freedom of association and the freedom of movement—during curfew hours.

On June 28, 2009, just hours before the polls were to open for the non-binding referendum, the Honduran military arrested President Zelaya, flew him to Costa Rica, and seized all referendum materials. The Honduran Supreme Court then indicated that the military had acted on its orders, and the National Congress passed a decree replacing Zelaya with the President of Congress, Roberto Micheletti. The United States and governments around the world condemned the action and called for President Zelaya's reinstatement.

On June 26, 2009, the Organization of American States adopted a resolution offering support for the preservation of democratic institutions and the rule of law in Honduras, and calling on all social and political actors to maintain social peace and prevent the rupture of the constitutional order.

On June 25, 2009, the Honduran Supreme Court ruled that the Chairman of the Joint Chiefs of Staff and the Defense Minister should remain in their positions despite Zelaya's request for their resignations.

On June 24, 2009, President Zelaya asked for the resignations of the Chairman of the Joint Chiefs of Staff and the Defense Minister after they refused to provide logistical support for the proposed referendum.

On June 23, 2009, the Honduran Congress passed a plebiscite and referendum law that prevents referendums from occurring within 180 days of a general election.

On June 19, 2009, the Honduran Supreme Court ordered the Honduran security forces not to provide any support for the proposed referendum.

On June 16, 2009, a Honduran Appeals Court upheld the lower court ruling that declared President Zelaya's proposed referendum illegal.

On May 29, 2009, President Zelaya ordered the Honduran military and police to provide logistical support for the proposed referendum.

On May 27, 2009, a Honduran lower court judge declared President Zelaya's proposed referendum illegal.

On March 24, 2009, President Zelaya issued a decree calling for a non-binding popular referendum on whether to include a fourth ballot box during the November 2009 general elections. The fourth ballot would consult Hondurans about whether the country should convoke a national constituent assembly to amend the constitution. President Zelaya later set June 28, 2009 as the day of the referendum.

On January 9, 2009, President Zelaya signed a letter of agreement with the United States concerning the Mérida Initiative.

On December 23, 2008, President Zelaya issued a presidential decree raising the minimum wage by 60% as of January 1, 2009. The decree—which did not affect the maquila sector's monthly minimum wage that fluctuates between 6,000 and 7,000 Lempiras (\$317.54-\$370.47)—increased the rural monthly minimum wage to 4,055 Lempiras (\$214.61) and the urban monthly minimum wage to 5,500 Lempiras (\$291.08).

On November 30, 2008, Honduras held primary elections to determine the candidates for the November 2009 elections. Porfirio Lobo Sosa, the opposition National Party's 2005 presidential nominee, once again won the support of his party. The Liberal Party's presidential nominee will be former Vice President Elvin Santos (See “November 2009 Elections”).

On October 9, 2008, the Honduran National Congress ratified the country's membership in the Bolivarian Alternative of the Americas (ALBA), a socially oriented trade bloc launched by Venezuelan President Hugo Chávez in 2004 and signed onto by President Zelaya in August 2008. The agreement follows the Honduran government's January 2008 decision to participate in PetroCaribe, the Venezuelan program that provides oil at preferential discounted rates to Caribbean countries.

On October 1, 2008, the U.S. Secretary of Homeland Security announced that the United States would extend temporary protected status (TPS) by 18 months for more than 70,000 eligible Hondurans in the United States. TPS for Hondurans was scheduled to expire on January 5, 2009. It originally was provided in the aftermath of Hurricane Mitch in 1998, and has now been extended seven times (See “Migration Issues”).

## Political Situation

Prior to the June 2009 military removal of President Manuel Zelaya, Honduras—a Central American nation with a population of about 7.4 million—had enjoyed 27 years of uninterrupted civilian democratic rule. Zelaya’s forced exile marked the country’s first departure from democratic, constitutional governance since the military relinquished control of the country in 1982. The military removal of President Zelaya was backed by the Honduran Supreme Court and National Congress, which replaced him with the head of Congress, Roberto Micheletti (For more information, see “2009 Political Crisis”).

## Zelaya Administration

Manuel Zelaya of the Liberal Party won the November 2005 presidential election 49.9% to 46.17%, narrowly defeating his National Party rival Porfirio Lobo Sosa, who had been the head of the Honduran National Congress. The Liberal (PL) and National (PN) parties traditionally have been the country’s two dominant political parties. Both are considered center-right parties, and there appear to be few major ideological differences between the two. During the 2005 campaign, both candidates broadly supported the direction of the country’s market-oriented economic policy, but they emphasized different approaches in dealing with crime perpetrated by youth gangs. Lobo called for tougher action against gangs by reintroducing the death penalty (which was abolished in 1957) and increasing prison sentences for juvenile delinquents, whereas Zelaya opposed the death penalty and emphasized a more comprehensive approach that would include job creation and training. Zelaya also campaigned for more citizen involvement and transparency in government and promised to increase social programs and combat corruption. In the 2005 legislative elections that were held simultaneously with the presidential elections, Zelaya’s Liberal Party won 62 seats in the 128-member Congress, just short of a majority.

While he had emphasized the concept of citizen participation throughout his political career in the PL and was known for his work as the head of the Honduran Social Investment Fund, Zelaya—a wealthy landowner with considerable investments in the timber and cattle industries—was generally regarded as a moderate when he was inaugurated to a four-year term on January 27, 2006.<sup>1</sup> As his term progressed, however, President Zelaya advanced increasingly populist policies. These include free school enrollment, an increase in teachers’ pay, a reduction in fuel costs, and a 60% increase in the minimum wage. Zelaya also forged closer relations with Venezuelan President Hugo Chávez, joining PetroCaribe and the Bolivarian Alternative for the Americas (ALBA) in 2008.<sup>2</sup>

While Zelaya’s populist policies allowed him to maintain considerable support among certain sectors of Honduran society, they alienated many within his own party. Likewise, his

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<sup>1</sup> “People Profile: Manuel ‘Mel’ Zelaya,” *Latin News Daily*, November 15, 2005; “Manuel Zelaya: empresario conservador que transitó a la izquierda,” *Agencia Mexicana de Noticias*, June 29, 2009.

<sup>2</sup> PetroCaribe is a Venezuelan program that provides oil at preferential discounted rates to Caribbean countries. ALBA is a socially oriented trade block that includes cooperation in a range of areas such as health, education, culture, investment, and finance. Other ALBA members include Bolivia, Cuba, Ecuador, Nicaragua, and Venezuela. The Honduran National Congress ratified PetroCaribe and ALBA, and both initiatives were supported by all 62 members of the Liberal Party and some members of three smaller parties, with the National Party abstaining. “Honduras: Congress signs up to Petrocaribe” *Latin American Caribbean & Central America Report*, March 2008; “Honduras: Congress approves Alba, with caveats,” *Latin American Caribbean & Central American Report*, October 2008.

Administration's inability to achieve concrete results on a number of issues of importance significantly weakened his public standing. Most Hondurans have not seen an improvement in their living standards as poverty, unemployment, and inflation have remained high. Violent crime has also increased. According to the United Nations Development Program, the country's 2008 murder rate reached 57.9 per 100,000 inhabitants, a 25.2% increase from 2007 and one of the highest rates in the world.<sup>3</sup> Although he advocated transparency in government, Zelaya faced several corruption scandals during his term as well. A number of high ranking officials were forced to resign and the transparency law passed by his Administration has been criticized as having too many loopholes.<sup>4</sup> Opinion polls conducted prior to his ouster indicated that Zelaya's approval rating had fallen to about 30%, though he maintained strong support among certain groups, such as rural and public sector labor unions.<sup>5</sup>

## 2009 Political Crisis

### Constitutional Referendum

In March 2009, President Zelaya issued a decree calling on the National Statistics Institute (INE) to hold a popular non-binding referendum to determine if the country should include a fourth ballot box<sup>6</sup> during the general elections scheduled to be held on November 29, 2009. The fourth ballot box would consult Hondurans about whether the country should convoke a national constituent assembly to amend the constitution. Zelaya has argued that presidential reelection should be possible and that the constitution—drafted in 1982—must be amended to reflect the “substantial and significant changes” that have taken place in Honduran society in recent years.<sup>7</sup>

The proposal was immediately criticized by a number of officials. The PL President of Congress Roberto Micheletti expressed ardent opposition, the 2009 presidential nominees of both the PL and the PN accused Zelaya of trying to perpetuate himself in power,<sup>8</sup> and the Attorney General’s Office accused Zelaya of violating the constitution. The Honduran Supreme Court<sup>9</sup> then issued a ruling declaring Zelaya’s proposal unconstitutional for using the INE to supervise the vote when the constitution establishes the Supreme Electoral Tribunal as the sole authority for conducting elections and referenda.<sup>10</sup> Nonetheless, Zelaya pushed forward, setting June 28, 2009 as the date of the referendum, and maintaining that the law of citizen participation approved shortly after he took office allows him to consult the people of Honduras in a non-binding poll. Zelaya also noted that the referendum<sup>11</sup> did not propose specific constitutional changes, and any changes arising

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<sup>3</sup> “Honduras report signals rising violence,” *Latin News Daily*, February 22, 2009.

<sup>4</sup> Thelma Meja, “Corruption: Honduras Grapples with Murky Transparency Law,” *Global Information Network*, February 23, 2007.

<sup>5</sup> Mica Rosenberg, “Protests erupt, gunshots heard after Honduras coup,” *Reuters*, June 28, 2009.

<sup>6</sup> There are generally three ballot boxes: one for the presidential race, another to choose deputies to the National Congress, and a third for municipal elections.

<sup>7</sup> “Constitutional reform or power grab,” *Latin American Weekly Report*, March 26, 2009.

<sup>8</sup> Both candidates have since stated that they are open to the idea of constitutional reform despite their opposition to Zelaya’s proposed referendum. “Lobo the front runner in Honduras,” *Latin News Daily*, July 15, 2009.

<sup>9</sup> It should be noted that the Honduran judiciary “is seen as neither effective nor fair” and “in practice, the judicial system is open to political influence.” “Honduras Country Profile,” *Economist Intelligence Unit*, 2008.

<sup>10</sup> Corte Suprema de Justicia, “Comunicado Especial,” available at <http://www.poderjudicial.gob.hn/NR/rdonlyres/87E2BFFC-AF4D-44EA-BFC5-D93730D8D81C/2412/ComunicadoEspecial.pdf>.

<sup>11</sup> The referendum would have asked Hondurans, “Do you agree that in the general elections of 2009, a fourth ballot (continued...)

from an eventual assembly would take place after he left office. President Zelaya's refusal to accept the Supreme Court ruling, however, sparked rumors that he was planning an institutional coup that would dissolve Congress and immediately call a constituent assembly.<sup>12</sup>

The political situation in the country deteriorated considerably the week before the referendum was to be held as Honduran society and the country's governmental institutions became increasingly polarized. On June 23, the National Congress created an additional legal obstacle to Zelaya's referendum, passing a law preventing referenda from occurring 180 days before or after general elections. A day later, Zelaya ordered the resignations of Honduran Defense Minister Edmundo Orellana Mercado and Chairman of the Joint Chiefs of Staff Romeo Vasquez Velasquez after they informed him that the Honduran military would not provide logistical support for the referendum since the Supreme Court had ruled it unconstitutional. The removal of Orellana and Vasquez prompted the resignation of 36 other Honduran military commanders, including the heads of the army, navy, and air force.<sup>13</sup> On June 25, the Supreme Court ordered that the Defense Minister and Armed Forces Chief should be restored to their positions, and the National Congress began debate on the possibility of censuring Zelaya. In response, Zelaya declared that the legislature and courts were working with the country's oligarchy to carry out a technical coup.<sup>14</sup>

By the day the referendum was to be held, the proposal had drawn the opposition of the legislature, the judiciary, the Attorney General, the Human Rights Ombudsman, the hierarchy of the Catholic Church, evangelical groups, business associations, and four of the five political parties represented in the National Congress—including Zelaya's own PL. Nearly all of these social and political actors called on the people of Honduras to boycott the referendum. Proponents of the referendum included unions, teachers, peasants, women's groups, groups of ethnic minorities, and the small leftist Democratic Unification party (DU).<sup>15</sup>

## **Detention and Expulsion of Zelaya**

On June 28, 2009, just hours before the polls were to open for the referendum, the Honduran military surrounded the presidential residence, arrested President Zelaya, and flew him to exile in Costa Rica. The military also confiscated all referendum materials from polling places across the country. Soon after, the Honduran Supreme Court issued a statement asserting that the military had acted on a court order to prevent Zelaya from carrying out the referendum.<sup>16</sup> In a special communiqué later released, the Honduran Supreme Court asserted that it had issued a secret warrant on June 25 for President Zelaya's arrest. The arrest warrant was the result of the

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(...continued)

box should be installed in which the people decide on the convocation of a National Constituent Assembly?" "Llegó el día de verdad," *El Tiempo* (Honduras) June 28, 2009.

<sup>12</sup> "Honduras: Fiscalía dice Zelaya no puede llamar a consulta popular," *Associated Press*, March 25, 2009; "Honduras: Zelaya denies coup rumors," *Latin American Weekly Report*, June 11, 2009.

<sup>13</sup> "Consulta ciudadana genera crisis en Honduras," *Agencia Mexicana de Noticias*, June 25, 2009; "Honduras lurches," *Latin News Daily*, June 25, 2009.

<sup>14</sup> "Zelaya claims coup," *Latin News Daily*, June 26, 2009.

<sup>15</sup> "Llegó el día de verdad," *El Tiempo* (Honduras), June 28, 2009; "Partidos políticos advirtieron de crisis," *El Heraldo* (Honduras), June 28, 2009.

<sup>16</sup> Corte Suprema de Justicia, "Comunicado Oficial de la Corte Suprema de Justicia," June 28, 2009.

executive branch's noncompliance with judicial branch rulings that had declared the referendum unconstitutional.<sup>17</sup>

Following Zelaya's removal, the Honduran National Congress accepted a letter of resignation allegedly signed by the exiled president.<sup>18</sup> The Congress then passed<sup>19</sup> a decree that disapproved of Zelaya's conduct for "repeated violations against the Constitution and laws of the Republic and nonobservance of the resolutions and rulings of the judicial organs," removed Zelaya from office, and named Roberto Micheletti—the Head of Congress and the next in line constitutionally—the president of Honduras for the remainder of Zelaya's term, which ends on January 27, 2010.<sup>20</sup>

Meanwhile, Zelaya held a press conference in Costa Rica, denouncing his ouster as a coup d'état. He declared the alleged letter of resignation to be fraudulent and announced his intention to remain in office. Zelaya also directed his supporters to carry out peaceful protests and called on the international community to refuse to recognize the new government.<sup>21</sup>

## Micheletti Government

Roberto Micheletti maintains that he is the legitimate president of Honduras, and that Zelaya's removal was not a military coup. Indeed, Micheletti refers to the ouster as a "constitutional substitution," despite the acknowledgement of the Honduran army's top lawyer that the military likely broke the law by forcibly sending Zelaya into exile. Those involved in the removal maintain that their methods were necessary to avoid chaos and bloodshed.<sup>22</sup> Micheletti has named a new cabinet, announced a plan of governance, and assured the public that general elections will be held in November 2009, as previously planned.<sup>23</sup> Micheletti has also received strong support from some sectors of Honduran society, with thousands of people marching in support of Zelaya's removal.<sup>24</sup> A poll taken in the days after the ouster found that 46% of Hondurans opposed the military removal of Zelaya while 41% thought it was justified.<sup>25</sup>

Despite Micheletti's declarations that the country continues to function democratically, Honduran society generally has been under strict control since Zelaya's removal. Since the ouster, security forces have patrolled the streets; a number of local and international television and radio stations have been shut down or intimidated; and members of Zelaya's Administration, other political and

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<sup>17</sup> Corte Suprema de Justicia, "Comunicado Especial," available at <http://www.poderjudicial.gob.hn/NR/rdonlyres/87E2BFFC-AF4D-44EA-BFC5-D93730D8D81C/2412/ComunicadoEspecial.pdf>.

<sup>18</sup> "Diputados hondureños aceptan una supuesta renuncia del presidente Zelaya," *El Tiempo* (Honduras), June 28, 2009.

<sup>19</sup> 122 of the 128 members of the National Congress reportedly voted for the resolution, with an independent and the five deputies of the DU not present for the vote. Some members of the Liberal Party maintain they were not present for the vote and that the reported vote count is inaccurate. It should also be noted that the Honduran National Congress does not have the constitutional power to remove the president. "Zelaya planificaba disolver el Congreso," *El Heraldo* (Honduras), June 28, 2009; "Aparecen más diputados declarando que hubo golpe," *El Tiempo* (Honduras), July 3, 2009.

<sup>20</sup> "El decreto de la separación de Zelaya," *El Heraldo* (Honduras), June 28, 2009.

<sup>21</sup> "Zelaya ofrece conferencia en Costa Rica," *La Prensa* (Honduras), June 28, 2009.

<sup>22</sup> "Honduran interim gov't battles international isolation," *EFE News Service*, June 30, 2009; Frances Robles, "Top Honduran military lawyer: We broke the law," *Miami Herald*, July 3, 2009.

<sup>23</sup> "Micheletti: promete combatir el hambre y la inseguridad," *La Prensa* (Honduras), June 29, 2009.

<sup>24</sup> "Rechazan manifestantes hondureños injerencia internacional," *Agencia Mexicana de Noticias*, June 30, 2009.

<sup>25</sup> Diana Logreira & Gesell Tobías, "41-46: Honduras un país dividido," *Voice of America*, July 9, 2009.

social leaders, and some members of the press have been detained or forced to go into hiding.<sup>26</sup> Crowds of thousands of protesters have been dispersed—sometimes violently,<sup>27</sup> and on July 1, the Honduran National Congress approved a decree suspending a number of constitutional rights. The decree allows security forces to enter private homes without a warrant, allows the detention of persons for 24 hours without charges, and suspends the rights of free association and free movement during curfew hours.<sup>28</sup> While the curfew was lifted on July 12, it was reinstated on July 15, and has since been applied arbitrarily and with little or no prior notification.<sup>29</sup>

## International Pressure

The international community reacted quickly and forcefully to the events in Honduras. The United States,<sup>30</sup> European Union, and United Nations condemned the actions and called for Zelaya's immediate return, as did every regional grouping in the hemisphere from the System of Central American Integration (SICA) to the Caribbean Community (CARICOM) to the Union of South American Nations (UNASUR). Countries throughout Latin America and Europe have withdrawn their ambassadors, further diplomatically isolating the Micheletti government, which has yet to be recognized by a single country. Economic pressure has also been placed on Honduras, which has already suffered considerably as a result of the global financial crisis and U.S. recession. Some Central American countries imposed a 48-hour commercial blockade, the World Bank and the Inter-American Development Bank are withholding some \$470 million in loans and other transfers, and Venezuela—which provided 50% of Honduras' petroleum imports in 2008—has stopped supplying the country with oil.<sup>31</sup>

The democratic nations of the Western Hemisphere have also exerted significant pressure on the Micheletti government through the Organization of American States (OAS). On the day of Zelaya's removal, the OAS held an emergency meeting and issued a resolution that vehemently condemned the “coup d'état;” demanded the immediate, safe and unconditional return of Zelaya to the presidency; declared that no government arising from the coup will be recognized; and condemned all acts of violence.<sup>32</sup> On July 1, the OAS adopted another resolution that threatened to suspend Honduras from the organization if the country failed to allow Zelaya to return to power within three days.<sup>33</sup> On July 4, the OAS unanimously voted to suspend Honduras for failing to comply with its previous resolution.<sup>34</sup> This is the first time the OAS has suspended a

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<sup>26</sup> “Honduras: Decretan toque de queda por 48 horas,” *La Prensa* (Honduras), June 28, 2009; “Honduras: Media Blackout, Protests Reported,” *Stratfor*, June 29, 2009; “Al menos ocho ministros están detenidos,” *La Prensa* (Honduras), June 28, 2009; “En la clandestinidad ministros de Zelaya,” *El Tiempo* (Honduras), June 30, 2009; “Denuncian violaciones a la libertad de expresión,” *El Tiempo* (Honduras), June 30, 2009.

<sup>27</sup> At least four demonstrators have been killed by Honduran security forces. Inter-American Commission on Human Rights, “Preliminary Observations on the IACtHR Visit to Honduras,” August 21, 2009.

<sup>28</sup> “Honduras suspende derechos constitucionales durante toque queda,” *Reuters*, July 1, 2009.

<sup>29</sup> Amnesty International, “Honduras: human rights crisis threatens as repression increases,” August 2009.

<sup>30</sup> For more on the U.S. response, see “U.S. Response to Honduran Political Crisis.”

<sup>31</sup> Nestor Ikeda, “Conservadores critican a Obama por apoyar a Zelaya,” *Associated Press*, July 1, 2009; “Venezuela halts oil deliveries to Honduras,” *EFE News Service*, July 8, 2009; “Negociación solo es para que Zelaya enfrente la justicia,” *El Heraldo* (Honduras), July 7, 2009.

<sup>32</sup> Organization of American States, “OAS Permanent Council Condemns Coup D'état in Honduras, Calls Meeting of Ministers and Entrusts Secretary General With Carrying Out Consultations,” June 28, 2009.

<sup>33</sup> Nestor Ikeda, “OEA da a Micheletti 3 días para dar paso a Zelaya,” *Associated Press*, July 1, 2009.

<sup>34</sup> Lesley Clark & Laura Figueroa, “OAS suspends Honduras over president’s ouster,” *Miami Herald*, July 5, 2009.

country since Cuba was suspended in 1962. Since the suspension, the OAS has supported the mediation attempts of Costa Rican President Oscar Arias, and the Inter-American Commission on Human Rights—an autonomous organ of the OAS—has assessed the situation on the ground.

## Current Situation

Since the ouster, Zelaya has sought to rally the international community to his cause and leverage its support to return to the Honduran presidency. He has flown around the region, meeting with a number of leaders and speaking at both the OAS and U.N. Zelaya has also continued to send messages to his supporters within Honduras, calling on them to demonstrate against the Micheletti government and warning that those involved in his removal will pay for their “treason.”<sup>35</sup> Zelaya attempted to return to Honduras on July 5, but his plane was prevented from landing. Zelaya briefly crossed into Honduras from Nicaragua to address his supporters on July 24 and again on July 25, but quickly retreated across the border each time.

Micheletti has remained defiant in the face of international pressure, frequently invoking a nationalist discourse to rally his supporters in Honduras. He has declared that Zelaya “will never return to power,” and if the exiled president returns to Honduras, “he will be detained.”<sup>36</sup> Officials in Honduras also maintain that their government can withstand international economic sanctions until the November 2009 general elections, which they intend to hold whether the results are recognized or not.<sup>37</sup>

In July, Zelaya and Micheletti agreed to participate in talks mediated by Costa Rican President Oscar Arias, who won a Nobel Peace Prize in 1987 for his efforts to end conflicts in Central America during his first administration. Following their initial individual meetings with President Arias on July 9 in Costa Rica, both leaders designated groups of negotiators to continue on their behalves. Additional talks were held on July 18 and 19, during which Costa Rican President Oscar Arias proposed a seven-point plan to end the political conflict in Honduras. The agreement called for President Zelaya’s reinstatement, the creation of a national unity government representing all the leading political parties, a general amnesty for all political crimes committed before and after Zelaya’s removal, an agreement by Zelaya not to pursue constitutional reform, early elections to be held the last Sunday in October, the transfer of control of the armed forces from the executive branch to the Supreme Electoral Tribunal one month prior to the elections, and the creation of a verification commission composed of notable Hondurans and representatives of international organizations—such as the OAS—to guarantee compliance with the agreement.<sup>38</sup> Although the agreement was accepted in principle by Zelaya’s representatives, the Micheletti government objected to several of its provisions, including the reinstatement of the exiled president.

On July 22, President Arias offered a final 12-point plan known as the “San José Accord” that slightly altered his initial proposal. It added several provisions, including an acceptance of the Micheletti government’s budget for 2009, an immediate end to international sanctions, and a

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<sup>35</sup> “Zelaya advierte que Micheletti pagará por su ‘traición’ en Honduras,” *El Tiempo* (Honduras), July 8, 2009.

<sup>36</sup> “No podemos negociar nada con la OEA: Roberto Micheletti,” *La Prensa* (Honduras), July 1, 2009.

<sup>37</sup> William Booth, “Honduran Leadership Stands Defiant,” *Washington Post*, July 3, 2009; “Honduras vows to press ahead on elections,” *Reuters*, August 25, 2009.

<sup>38</sup> Presidente de la República de Costa Rica, “Es Posible Alcanzar La Reconciliación,” July 18, 2009.

timetable for implementing the agreement.<sup>39</sup> Although Zelaya initially declared the negotiation process a failure, he has since signaled that he would accept the Arias proposal.<sup>40</sup> Micheletti's negotiators said they would take the proposal back to the independent branches of the government to consider. While the Honduran military and Congress have each indicated that they are open to the agreement, Micheletti and the Honduran Supreme Court have rejected the accord.<sup>41</sup> Nonetheless, the international community continues to push the Honduran government to accept the Arias proposal.

## November 2009 Elections

General elections to fill nearly 3,000 posts nation-wide, including the presidency and all 128 seats in the National Congress, are scheduled to be held in Honduras on November 29, 2009.<sup>42</sup> The elections are likely to go forward regardless of whether Zelaya is returned to power, as both Zelaya and Micheletti have asserted that they intend to serve only until the winner of the presidential election is inaugurated in January 2010.<sup>43</sup> While Micheletti has said the election will be "the final and definitive solution to the current political crisis," the United States and a number of other countries in the region have suggested that elections held under the Micheletti government would be considered illegitimate.<sup>44</sup> The independent Supreme Electoral Tribunal (TSE) has revealed that 20,000 Hondurans will observe the elections, and Micheletti has announced that the armed forces will guarantee security.<sup>45</sup>

Primary elections to select the parties' nominees for all offices were held in November 2008. Although the vote was deemed free and fair, four politicians—three members of the PL and one member of the PN—were killed by masked gunmen in the weeks before the elections. It is unclear whether the murders were political, drug-related (one politician was a member of the congressional committee on security and narco-trafficking), or random acts of violence.<sup>46</sup> 2005 candidate Porfirio Lobo Sosa won 81% of the PN presidential primary vote to once again claim his party's nomination. Former Vice President Elvin Santos—though originally ruled constitutionally ineligible to run by the TSE—became the PL presidential nominee following a complicated series of events that included congressional passage of a special decree and a 52%-32% primary victory by his stand-in-candidate, Mauricio Villeda, over then head of the Honduran

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<sup>39</sup> Juan Pablo Carranza, "Arias presentó el 'Acuerdo de San José' para buscar reconciliación en Honduras," *La Nación* (Costa Rica), July 22, 2009.

<sup>40</sup> "Zelaya reafirma apoyo a Plan Arias para ser restituido como presidente," *Agence France Presse*, August 4, 2009.

<sup>41</sup> Fuerzas Armadas de Honduras, Dirección de Relaciones Públicas, "Comunicado No. 7" July 24, 2009; "CN acepta discutir amnistía de plan Arias," *El Heraldo* (Honduras), August 3, 2009; "Honduras: De Facto Leader Rejects Part of a Deal," *New York Times*, August 1, 2009; "Corte Suprema opuesta a la restitución de Manuel Zelaya," *El Tiempo* (Honduras), August 24, 2009.

<sup>42</sup> "Elecciones, incierto antídoto contra la crisis socio política," *El Tiempo* (Honduras), August 31, 2009.

<sup>43</sup> William Booth, "Two Hondurans Headed for Clash; Rival Vows to Arrest Zelaya on His Return," *Washington Post Foreign Service*, July 1, 2009.

<sup>44</sup> "Struggle ensues over legitimacy of Honduran elections," *Latin American Weekly Report*, September 3, 2009; U.S. Department of State, Office of the Spokesman, "Termination of Assistance and Other Measures Affecting the De Facto Regime in Honduras," September 3, 2009; "Aún sin unanimidad en OEA para desconocer elección en Honduras: ex embajador," *Agence France Presse*, September 1, 2009.

<sup>45</sup> "20 mil observadores verificarán elecciones," *La Prensa* (Honduras), August 4, 2009; "Micheletti dice que Fuerzas Armadas garantizan la seguridad en las elecciones," *EFE News Service*, August 28, 2009.

<sup>46</sup> "Honduras: Primaries turn bloody," *Latin News Weekly Report*, November 27, 2008.

National Congress, Roberto Micheletti.<sup>47</sup> Four minor party candidates are also running for president: Felícito Avila of the centrist Christian Democracy party (DC), Bernard Martínez of the center-left Party of Innovation and Unity (PINU), César Ham of the leftist Democratic Unification party (UD), and Carlos Reyes, a union leader who is running as an independent.

Santos and Lobo are considered the front-runners for the presidential election given the PL and PN's historical domination of Honduran politics, though the current political crisis has considerably altered the electoral landscape. A July 2009 poll found 31% of Hondurans supported Lobo, 25% supported Santos, and 41% were undecided—a 15 point increase in the undecided vote from a poll taken prior to the political crisis.<sup>48</sup> While both Lobo and Santos have sought to straddle the divide in Honduran society regarding Zelaya's removal and have nominally supported the San José Accord, both are perceived to have backed the ouster. Lobo and Santos have offered relatively similar campaign proposals as well, with both offering vague pledges to maintain orthodox economic policies, address the country's high crime rate, increase jobs, and reduce poverty.<sup>49</sup> Given the large portion of the electorate that is undecided and the substantial strength of the organized resistance to the Micheletti government, some observers have suggested that the November general election may present the Honduran left with an opportunity to challenge the country's two traditional parties, both of which are relatively conservative. The Honduran left remains divided, however, with some leaders taking steps to create a political coalition that would include the sectors of the PL that supported Zelaya, portions of PINU, the UD, labor unions, and social movements, and others pledging to boycott the elections unless Zelaya is restored to power. Those that support contesting elections are further divided between support for César Ham and Carlos Reyes, both of whom have announced that they will not participate unless Zelaya regains the presidency.<sup>50</sup>

## Economic and Social Conditions

With a per capita income of \$1,600 (2007), Honduras is classified by the World Bank as a lower middle income developing economy.<sup>51</sup> Traditional agricultural exports of coffee and bananas are still important for the Honduran economy, but nontraditional sectors, such as shrimp farming and the maquiladora, or export-processing industry, have grown significantly over the past decade. Among the country's development challenges are an estimated poverty rate of nearly 70%; an infant mortality rate of 31 per 1,000; and chronic malnutrition for one out of three children under five years of age. Honduras also has a significant HIV/AIDS crisis, with an adult infection rate of 1.5% of the population. The Garifuna community (descendants of freed black slaves and indigenous Caribs from St. Vincent) concentrated in northern coastal areas has been especially hard hit by the epidemic. Despite these challenges, the World Bank maintains that increased

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<sup>47</sup> “Divisive primaries split ruling PL,” *Latin American Caribbean & Central America Report*, December 2008; “Honduras’ Vice President Regains the Right to Run; Elvin Santos is Partido Liberal Presidential Candidate,” *Latin America Data Base NotiCen*, March 5, 2009.

<sup>48</sup> “Lobo the front runner in Honduras,” *Latin News Daily*, July 15, 2009.

<sup>49</sup> “Las propuestas de ‘Pepe’ Lobo a Honduras,” *El Heraldo* (Honduras), September 2, 2009; “Las propuestas del candidato Elvin Santos,” *El Heraldo* (Honduras), September 1, 2009.

<sup>50</sup> “Alianza política tiene hoy su primera reunión,” *El Heraldo* (Honduras), “UD confirma alianza con el ‘lado oscuro’ del PL,” *El Heraldo* (Honduras), August 24, 2009; “Resistencia boicoteará campañas políticas no permitiendo entrada de candidatos a los barrios,” *El Tiempo* (Honduras), August 27, 2009.

<sup>51</sup> World Bank, *World Development Report*, 2009.

public spending on health and education has reaped significant improvements in development indicators over the past decade.<sup>52</sup>

Honduras was devastated by Hurricane Mitch in 1998, which killed more than 5,000 people and caused billions of dollars in damage. The gross domestic product declined by 1.4% in 1999, and the country felt the effects of the storm for several years, with roads and bridges washed out, the agricultural sector hard hit, and scores of orphaned children, many of whom joined criminal gangs. Spurred on by substantial U.S. foreign assistance, however, the economy rebounded by 6% in 2000, and has remained positive ever since. More recently, the economy registered growth rates of 4.1% in 2005, 6.3% in 2006 and 2007, and 4% in 2008.<sup>53</sup>

Honduras has also benefited from several debt-reduction programs in recent years. A three-year poverty reduction and growth facility (PRGF) agreement with the International Monetary Fund (IMF) that imposed fiscal and monetary targets on the government to maintain firm macroeconomic discipline and to develop a comprehensive poverty reduction strategy, made Honduras eligible for about \$1 billion in debt relief under the IMF and World Bank's Highly Indebted Poor Countries (HIPC) Initiative in 2005. The Inter-American Development Bank (IDB) also implemented a debt forgiveness program for its poorest members in 2006, including Honduras, which benefitted from a reduction of \$1.4 billion in foreign debt, freeing government resources to finance poverty-reduction programs.<sup>54</sup> Nevertheless, Honduras remains one of the most impoverished nations in Latin America.

The global financial crisis and the current political crisis have taken a toll on the Honduran economy. Remittances, foreign investment, and demand for Honduran exports have fallen sharply, with remittances expected to decline by \$112 million in 2009 (a loss of 1% of GDP) and export earnings down 13% in the first five months of 2009.<sup>55</sup> The Micheletti government is unable to implement an economic stimulus package to counteract these trends as a result of economic sanctions imposed by the international community in response to the country's political situation. The World Bank and the Inter-American Development Bank are withholding some \$470 million in loans and other transfers, the IMF is not allowing the Micheletti government to access \$165 million in special drawing rights (SDRs), the European Union suspended an estimated \$93 million in budget support, the United States has terminated some \$33 million in economic and military aid, and Venezuela—which provided 50% of Honduras' petroleum imports in 2008—has stopped supplying the country with oil.<sup>56</sup> There is also considerable domestic pressure on the Honduran economy as those opposed to Zelaya's ouster have implemented transportation

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<sup>52</sup> U.N. Economic Commission for Latin America and the Caribbean, "Social Panorama of Latin America," 2008; World Bank, "Honduras Country Brief," September 2006; World Bank "Fighting Malnutrition in Central America," December 19, 2006; Also see CRS Report RL32713, *Afro-Latinos in Latin America and Considerations for U.S. Policy*, by Clare Ribando Seelke and June S. Beittel.

<sup>53</sup> "Honduras: Country Report," *Economist Intelligence Unit*, September 2008 and January 2009.

<sup>54</sup> "Honduras: Country Report," *Economist Intelligence Unit*, April 2007; Nestor Ikeda, "Inter-American Development Bank Forgives Debt of 5 Nations," *Associated Press*, March 17, 2007.

<sup>55</sup> "Downturn in the US leads to first decline in remittances by migrants," *Latin American Weekly Report*, May 21, 2009; "Honduras: Country Report," *Economist Intelligence Unit*, August 2009.

<sup>56</sup> Nestor Ikeda, "Conservadores critican a Obama por apoyar a Zelaya," *Associated Press*, July 1, 2009; "Honduras can't touch IMF resources—IMF" *Reuters*, September 9, 2009; "Unión Europea suspende ayuda financiera a Honduras," *Reuters*, July 20, 2009; "Senior State Department Officials Hold Background News Teleconference on Honduras," *CQ Newsmaaker Transcripts*, September 3, 2009; "Venezuela halts oil deliveries to Honduras," *EFE News Service*, July 8, 2009; "Negociación solo es para que Zelaya enfrente la justicia," *El Heraldo* (Honduras), July 7, 2009.

blockades, strikes, and other measures designed to paralyze economic activity.<sup>57</sup> Some economists have estimated that the political crisis is costing Honduras \$20 million daily in lost trade, aid, tourism, and investment, and analysts have suggested that the Honduran government faces a possible economic collapse since nearly 20% of the country's 2009 budget was to be financed by international donations and transfers.<sup>58</sup> The Micheletti government has already cut central government spending by 10%, and analysts maintain that further spending cuts will be necessary. The Honduran economy is expected to contract by 4.4% in 2009.<sup>59</sup>

**Figure 1. Map of Honduras**



**Source:** Map Resources. Adapted by CRS Graphics.

<sup>57</sup> “Se toman el puente La Amistad e incomunican el Litoral Atlántico,” *El Tiempo* (Honduras), July 10, 2009; “Manifestantes aseguran que hoy paralizan el país,” *El Tiempo* (Honduras), July 23, 2009; “Paralizan aeropuerto de Tegucigalpa en apoyo a Zelaya,” *Agencia Mexicana de Noticias*, August 7, 2009.

<sup>58</sup> Blake Schmidt, “Midence Says Honduras Economy to Shrink After Crisis,” *Bloomberg*, August 7, 2009; Keny López de Carballo, “Honduras no puede prescindir de créditos,” *La Prensa Grafica* (El Salvador), July 9, 2009.

<sup>59</sup> “Honduras: Country Report,” *Economist Intelligence Unit*, August 2009.

## Issues in U.S.-Honduran Relations

The United States has had close relations with Honduras over many years, characterized by significant foreign assistance, an important trade relationship, a U.S. military presence in the country, and cooperation on a range of transnational issues. The bilateral relationship became especially close in the 1980s when Honduras returned to democratic rule and became the lynchpin for U.S. policy in Central America. At that time, the country became a staging area for U.S.-supported excursions into Nicaragua by anti-Sandinista forces known as the contras.

Today, overall U.S. policy goals for Honduras include a strengthened democracy with an effective justice system that protects human rights and promotes the rule of law, and the promotion of sustainable economic growth with a more open economy and improved living conditions. The United States also cooperates with Honduras to deal with transnational issues such as narcotics trafficking, money laundering, the fight against terrorism, illegal migration, and trafficking in persons, and supports Honduran efforts to protect the environment and combat HIV/AIDS. There are some 800,000 to 1 million Hondurans residing in the United States, who sent an estimated \$2.8 billion in remittances to Honduras in 2008, roughly a quarter of the country's gross domestic product.<sup>60</sup>

According to some analysts, President Zelaya jeopardized Honduras' traditional close relations with the United states by forging closer relations with Venezuelan President Hugo Chávez and his allies.<sup>61</sup> In addition to joining Venezuela's PetroCaribe and Bolivarian Alternative for the Americas (ALBA), Zelaya delayed the accreditation of U.S. Ambassador to Honduras Hugo Llorens by one week in September 2008 in order to show solidarity with Bolivia in its diplomatic spat with the United States. President Zelaya reportedly took a softer tone in his first official meeting with Ambassador Llorens, however, and described the United States "as an ally and friend." Zelaya also maintains that he has been forced to turn to Venezuela for assistance in addressing high food and energy prices as a result of insufficient U.S. support.<sup>62</sup>

## U.S. Response to Honduran Political Crisis

In the weeks and months leading up to President Zelaya's proposed non-binding referendum, the U.S. embassy in Honduras repeatedly made it clear that the referendum was a matter for Hondurans to resolve and that whatever was decided should comply with Honduran law.<sup>63</sup> As the situation deteriorated in the days before the proposed referendum was to take place, the United States continued to "urge all sides to seek a consensual democratic resolution" to the political impasse.<sup>64</sup> The exhaustive efforts of U.S. officials, however, were unable to prevent Zelaya's removal and the resulting political crisis.

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<sup>60</sup> U.S. Department of State, "Background Note: Honduras," June 2008; "Latin America: Remittances slide," *Economist Intelligence Unit*, January 26, 2009.

<sup>61</sup> "Honduras: Zelaya Risks ALBA Membership," *Oxford Analytica*, September 16, 2008.

<sup>62</sup> Freddy Cuevas "Honduran Leader: U.S. Apathy Made Him Turn to Chávez," *Associated Press*, September 19, 2008.

<sup>63</sup> "'El presidente Zelaya está equivocado': Micheletti," *La Prensa* (Honduras), March 23, 2009; "'Uno no puede violar la Constitución': Llorens," *La Prensa* (Honduras), June 4, 2009.

<sup>64</sup> "State Department Regular News Briefing," *CQ Newsmaeker Transcripts*, June 26, 2009.

Following the ouster, President Obama immediately expressed deep concern about the situation and called on all Hondurans to respect democratic norms and resolve the dispute peacefully.<sup>65</sup> The Obama Administration later condemned the events more forcefully, declaring them illegal, and asserting that the United States views Zelaya as the legitimate president of Honduras.<sup>66</sup> The U.S. embassy in Honduras also provided security and refuge for Zelaya's family.<sup>67</sup>

While the United States has largely worked with its partners in the hemisphere through the OAS to address the situation in Honduras, it has also taken a number of bilateral steps. In the days after Zelaya's removal, U.S. Southern Command announced that it was minimizing cooperation with the Honduran military,<sup>68</sup> the U.S. State Department announced that it would suspend a variety of foreign assistance programs in Honduras,<sup>69</sup> and President Zelaya met in Washington, DC with Assistant Secretary of State for Western Hemisphere Affairs Thomas Shannon, Director of Western Hemisphere Affairs at the National Security Council Dan Restrepo, and Secretary of State Hillary Clinton.<sup>70</sup> The United States has strongly supported the mediation of Costa Rican President Oscar Arias, advising both Zelaya and Micheletti to accept President Arias' proposed San José Accord. In order to place pressure on Honduran officials to accept the Accord, the U.S. Department of State has revoked the visas of members and supporters of the Micheletti government, suspended non-emergency and non-immigrant visa services in the consular section of the U.S. embassy in Honduras, terminated some \$32.7 million in U.S. assistance, and announced that it will not recognize the results of the planned November 2009 general election in Honduras under the current circumstances.<sup>71</sup>

## **U.S. Foreign Assistance**

The United States has provided considerable foreign assistance to Honduras over the past three decades. In the 1980s, the United States provided about \$1.6 billion in economic and military aid as the country struggled amid the region's civil conflicts. In the 1990s, U.S. assistance to Honduras began to wane as regional conflicts subsided and competing foreign assistance needs grew in other parts of the world. Hurricane Mitch changed that trend as the United States provided almost \$300 million in assistance to help the country recover from the 1998 storm. As a result of the new influx of aid, total U.S. assistance to Honduras for the 1990s amounted to around \$1 billion. With Hurricane Mitch funds expended by the end of 2001, U.S. foreign aid levels to Honduras again began to decline.

Recent foreign aid funding to Honduras amounted to about \$49 million in FY2006, almost \$44 million in FY2007, and \$40.5 million in FY2008 (see **Table 1**). For FY2009, an estimated \$43

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<sup>65</sup> White House, Office of the Press Secretary "Statement from President on the situation in Honduras," June 28, 2009.

<sup>66</sup> "Senior Administration Officials Hold State Department Background Briefing via Teleconference on Honduras," *CQ Newsma*ker Transcripts, June 28, 2009.

<sup>67</sup> Hillary Rodham Clinton, Secretary of State, "Remarks at the Top of the Daily Press Briefing," July 7, 2009.

<sup>68</sup> For more information, see "Military Cooperation."

<sup>69</sup> For more information, see "U.S. Foreign Assistance."

<sup>70</sup> Hillary Rodham Clinton, Secretary of State, "Remarks at the Top of the Daily Press Briefing," July 7, 2009.

<sup>71</sup> U.S. Department of State, Office of the Spokesman, "Revocation of Diplomatic Visas," July 28, 2009; U.S. Department of State, Office of the Spokesman, "Temporary Suspension of Non-Immigrant Visa Services in Honduras," August 25, 2009; U.S. Department of State, Office of the Spokesman, "Termination of Assistance and Other Measures Affecting the De Facto Regime in Honduras," September 3, 2009; "Senior State Department Officials Hold Background News Teleconference on Honduras," *CQ Newsma*ker Transcripts, September 3, 2009.

million in regular foreign aid funding was appropriated. In addition, Honduras could receive a portion of the \$105 million allocated to Central America through the Mérida Initiative to boost the region's narcotics interdiction capabilities and support a regional anti-gang strategy. For FY2010, the Obama Administration requested more than \$68 million in foreign aid for Honduras, including over \$53 million in Development Assistance, \$12 million in Global Health and Child Survival assistance, and \$1.3 million in Foreign Military Financing. U.S. assistance in FY2010 will support a variety of projects designed to enhance security, strengthen democracy, improve education and health systems, conserve the environment, and build trade capacity. In addition to the \$68 million in bilateral assistance requested, Honduras would also likely receive a portion of the \$100 million requested for Central America in FY2010 for the continuation of the Mérida Initiative.

**Table I. U.S. Foreign Aid to Honduras, FY2006-FY2010**  
(U.S. \$ in thousands)

| Account   | FY2006 | FY2007 | FY2008 | FY2009<br>(est.)    | FY2010<br>(req.)    |
|---|--------|--------|--------|---------------------|---------------------|
| Global Health and Child Survival (USAID) <sup>a</sup> | 13,140 | 12,034 | 12,035 | 11,750              | 11,000              |
| Global Health and Child Survival (State) <sup>b</sup> | —      | 750    | 1,000  | 1,000               | 1,000               |
| Development Assistance                                | 20,604 | 15,540 | 15,149 | 21,382              | 53,434              |
| Economic Support Funds                                | —      | 175    | —      | —                   | —                   |
| Foreign Military Financing                            | 891    | 675    | 496    | 400                 | 1,300               |
| International Military Education & Training           | 1,218  | 1,404  | 936    | 700                 | 700                 |
| International Narcotics Control & Law Enforcement     | —      | —      | 744    | —                   | 800                 |
| Nonproliferation, Antiterrorism & Demining            | 315    | 268    | —      | —                   | —                   |
| Food Aid (P.L. 480)                                   | 13,105 | 13,005 | 10,150 | 8,000               | —                   |
| Total   | 49,273 | 43,851 | 40,510 | 43,232 <sup>c</sup> | 68,234 <sup>d</sup> |

- a. This foreign aid account used to be called "Child Survival and Health," but was re-labeled with the FY2010 budget request. The majority of U.S. assistance to combat HIV/AIDS has been provided under this account.
- b. This foreign aid account used to be called "Global HIV/AIDS Initiative," but was re-labeled with the FY2010 budget request.
- c. The Omnibus Appropriations Act, 2009 (P.L. 111-8) provides \$105 million for Central America under the Mérida Initiative, some of which will likely go to Honduras.
- d. The Obama Administration's FY2010 request includes \$100 million to continue the Mérida Initiative in Central America. Honduras would likely receive some of these funds.

**Sources:** U.S. Department of State, Congressional Budget Justification, Foreign Operations, FY2008-FY2010.

Additional foreign assistance is provided to Honduras through the Peace Corps, which has been active in the country since 1963, and the Millennium Challenge Corporation (MCC), which signed a five-year \$215 million compact for Honduras in June 2005. The MCC compact has two components: a rural development project and a transportation project. The rural development project involves providing Honduran farmers with the skills needed to grow and market horticultural crops. The transportation project will improve a highway linking the Atlantic port of

Puerto Cortés to Pacific ports and major production centers in Honduras, El Salvador, and Nicaragua. It will also involve improvements to main highways and secondary and rural roads, to enable farmers and other businesses to get their products to markets more efficiently.<sup>72</sup>

As a result of the Honduran military's detention and expulsion of President Zelaya, the United States has terminated \$32.7 million in U.S. foreign assistance appropriated for Honduras for FY2009. Although the United States has yet to declare the events in Honduras a "military coup" for the purposes of Section 7008 of the 2009 Omnibus Appropriations Act (P.L. 111-8), the terminated assistance represents those funds that the United States would be legally required to discontinue should it do so.<sup>73</sup> Some \$10.3 million of the terminated funds were dedicated to military assistance programs, such as Foreign Military Financing (\$6.5 million), International Military Education and Training (\$0.36 million), global peacekeeping operations (\$1.72 million), and 1206 security assistance (\$1.7 million). Another \$11.4 million in terminated funds had been allocated to the Global Child Survival and Health (\$2.7 million) and Development Assistance and Economic Support Fund (\$8.7 million) accounts for trade capacity building, support for the Honduran ministries of labor and education, and a number of other programs—such as basic education, aid to small farmers, and anti-gang activities—that flow through the government of Honduras.<sup>74</sup> The final \$11 million in terminated funds had been dedicated to two transportation projects as part of the \$215 million MCC compact that Honduras signed in 2005. The terminated funds were all that remained from the compact, as \$80 million had been dispersed and contracts worth an additional \$124 million had been signed prior to Zelaya's ouster. An additional \$4 million in MCC funding to Honduras has been put on hold.<sup>75</sup> The terminated assistance could be restored following a return to democratic, constitutional governance in Honduras.<sup>76</sup> U.S. foreign assistance programs that provide direct assistance to the Honduran people, such as food and child aid, disease prevention, disaster assistance, and democracy promotion, remain in place.

## Military Cooperation

The United States maintains a troop presence of about 600 military personnel known as Joint Task Force (JTF) Bravo at Soto Cano Air Base. JTF Bravo was first established in 1983 with about 1,200 troops, who were involved in military training exercises and in supporting U.S. counterinsurgency and intelligence operations in the region. Today, U.S. troops in Honduras support such activities as disaster relief, medical and humanitarian assistance, counternarcotics operations, and search and rescue operations that benefit Honduras and other Central American countries. Regional exercises and deployments involving active duty and reserve components

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<sup>72</sup> Millennium Challenge Corporation, "Honduras Overview," available at <http://www.mcc.gov/countries/honduras/index.php>.

<sup>73</sup> Section 7008 of the 2009 Omnibus Appropriations Act (P.L. 111-8) states: "None of the funds appropriated or otherwise made available" for bilateral economic assistance or international security assistance "shall be obligated or expended to finance directly any assistance to the government of any country whose duly elected head of government is deposed by military coup or decree."

<sup>74</sup> U.S. Department of State, Office of the Spokesman, "U.S. Assistance to Honduras," July 7, 2009; U.S. Department of State, Office of the Spokesman, "Termination of Assistance and Other Measures Affecting the De Facto Regime in Honduras," September 3, 2009; "Senior State Department Officials Hold Background News Teleconference on Honduras," *CQ Newsma*ker Transcripts, September 3, 2009.

<sup>75</sup> Information Provided to CRS by the Millennium Challenge Corporation; Millennium Challenge Corporation, "MCC Board of Directors Upholds Importance of Country-Led Development and Accountability," September 9, 2009.

<sup>76</sup> U.S. Department of State, Office of the Spokesman, "Termination of Assistance and Other Measures Affecting the De Facto Regime in Honduras," September 3, 2009.

provide training opportunities for thousands of U.S. troops. In the aftermath of Hurricane Mitch in 1998, U.S. troops provided extensive assistance in the relief and reconstruction effort. JTF Bravo has responded to a number of natural disasters in the region in recent years, deploying two disaster relief teams to Panama and Costa Rica to assist victims of severe flooding and landslides in November and December 2008.<sup>77</sup>

The U.S. and Honduran militaries also cooperate on personnel training. In addition to joint exercise opportunities at JTF-Bravo, members of the Honduran military have received training at the Western Hemisphere Institute for Security Cooperation (WHINSEC, formerly known as the School of the Americas) in Fort Benning, GA.<sup>78</sup> WHINSEC has trained tens of thousands of military and police personnel from throughout Latin America, but has been criticized by a number of human rights organizations because some of its graduates have participated in military coups and committed human rights abuses. Supporters of the school maintain that WHINSEC emphasizes democratic values and respect for human rights, develops camaraderie between U.S. military officers and military and police personnel from other countries in the hemisphere, and is crucial to developing military partners capable of effective combined operations.<sup>79</sup>

As a result of the Honduran military's role in President Zelaya's removal from office, the United States has suspended joint military activities as well as military assistance to the country.<sup>80</sup> The events in Honduras have also led some analysts to question the effectiveness of U.S. foreign military training programs. These analysts contend that such programs have not obtained their desired outcomes given that General Romeo Vasquez Velasquez—who has received U.S. training—led the effort to remove President Zelaya, and the Honduran military reportedly cut off contact with the United States prior to the ouster.<sup>81</sup>

On May 21, 2009, the Latin American Military Training Review Act (H.R. 2567, McGovern) was introduced in the House. The bill would suspend all operations at WHINSEC, establish a joint congressional task force to assess the types of training that are appropriate to provide Latin American militaries, and establish a commission to investigate activities at WHINSEC and its predecessor.

## Economic Linkages

U.S. trade and investment linkages with Honduras have increased greatly since the early 1980s. In 1984, Honduras became one of the first beneficiaries of the Caribbean Basin Initiative (CBI), the unilateral U.S. preferential trade arrangement providing duty-free importation for many goods

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<sup>77</sup> "Stavridis Praises U.S.-Honduran Cooperation in Confronting Mutual Threats," *U.S. Fed News*, January 30, 2009.

<sup>78</sup> For more information on the School of the Americas and the Western Hemisphere Institute for Security Cooperation, see CRS Report RL30532, *U.S. Army School of the Americas: Background and Congressional Concerns*, by Richard F. Grimmett and Mark P. Sullivan and CRS Report RS20892, *Western Hemisphere Institute for Security Cooperation*, by Richard F. Grimmett.

<sup>79</sup> U.S. Southern Command, "Posture Statement of Admiral James G. Stavridis, United States Navy Commander, United States Southern Command, Before the 111<sup>th</sup> Congress Senate Armed Services Committee," March 17, 2009.

<sup>80</sup> "U.S. suspends joint military activities with Honduras," *EFE News Service*, July 1, 2009; U.S. Department of State, Office of the Spokesman, "U.S. Assistance to Honduras," July 7, 2009.

<sup>81</sup> "U.S. suspends joint military activities with Honduras," *EFE News Service*, July 1, 2009; "Senior Administration Officials Hold State Department Background Briefing via Teleconference on Honduras," *CQ Newsmaker Transcripts*, June 28, 2009; "When your aid recipients stop taking your calls," *Center for International Policy*, June 28, 2008, available at <http://www.cipcol.org/>.

from the region. In the late 1980s, Honduras benefitted from production-sharing arrangements with U.S. apparel companies for duty-free entry into the United States of certain apparel products assembled in Honduras. As a result, maquiladoras or export-assembly companies flourished, most concentrated in the north coast region. The passage of the Caribbean Basin Trade Partnership Act in 2000 (CBTPA), which provided Caribbean Basin nations with NAFTA-like preferential tariff treatment, further boosted Honduran maquiladoras. Trade relations expanded again following the implementation of the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR), which entered into force with Honduras in April 2006.

The United States is by far Honduras' largest trading partner. In 2008, the United States was the destination of about 37% of Honduran exports and the origin of about 37% of its imports. Honduras is the largest Central American exporter to the United States and the top Latin American exporter of knit apparel to the United States. In 2008, U.S. exports to Honduras amounted to about \$4.8 billion, up 31% from 2006. Knit and woven apparel inputs accounted for a substantial portion, as did machinery and petroleum. U.S. imports from Honduras amounted to about \$4 billion in 2008, with knit and woven apparel (assembled products from the maquiladora sector) accounting for the lion's share. Other Honduran exports to the United States include coffee, seafood, bananas, electrical wiring, gold, and tobacco.<sup>82</sup>

In terms of investment, the stock of U.S. foreign direct investment in Honduras amounted to \$968 million in 2007, concentrated in the manufacturing sector.<sup>83</sup> More than 150 U.S. companies operate in Honduras, with the most significant U.S. investments in the maquila or export assembly sector, fruit production, tourism, energy generation, shrimp farming, animal feed production, telecommunications, fuel distribution, cigar manufacturing, insurance, brewing, food processing, and furniture manufacturing.<sup>84</sup> To date, U.S. businesses appear to be relatively unaffected by the political crisis in Honduras. While there have been some reports of concerned U.S. businesses and investors making contingency plans in case the situation in Honduras deteriorates further or trade sanctions are imposed, most reports suggest that business is proceeding as usual.<sup>85</sup>

Despite the increases in trade and investment that have occurred since the implementation of CAFTA-DR, a number U.S. and Honduran officials have expressed concerns about the agreement. Honduran officials are concerned about the loss of agricultural jobs in the corn, rice, beef, poultry, and pork sectors since the country opened its market to U.S. agricultural products. Some fear that the loss of agricultural employment could lead to social unrest if not addressed properly through long-term investment. While CAFTA-DR has provisions to enforce domestic labor codes and improve labor rights, a number of U.S. officials maintain that the provisions are inadequate given the history of non-compliance with labor laws in many Central American nations. The U.S. State Department's 2008 Country Reports on Human Rights Practices for Honduras found credible evidence that employees engaged in union duties were blacklisted within the maquiladoras and that union leaders were occasionally targeted with threats and violence.<sup>86</sup>

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<sup>82</sup> U.S. Department of Commerce statistics, as presented by *Global Trade Atlas*, 2009.

<sup>83</sup> U.S. Department of Commerce, Bureau of Economic Analysis, "Survey of Current Business," September 2008.

<sup>84</sup> U.S. Department of State, "Background Note: Honduras," February 2009.

<sup>85</sup> Greg Flakus, "Honduran Economy in Peril From Political Crisis," *Voice of America*, July 9, 2009; Mica Rosenberg, "Honduras textile industry vulnerable to drawn out crisis," *Reuters*, July 6, 2009.

<sup>86</sup> U.S. Department of State, Bureau of Democracy, Human Rights, and Labor, "2008 Country Reports on Human (continued...)"

## Crime

Honduras, along with neighboring El Salvador and Guatemala, has become fertile ground for gangs, which have been fueled by poverty, unemployment, leftover weapons from the conflicts of the 1980s, and the U.S. deportation of criminals to the region. The two major gangs in Honduras—Mara Salvatrucha, or MS-13, and the 18<sup>th</sup> Street gang, or M-18—were first established in Los Angeles in the 1980s by Salvadoran immigrants who were excluded from Mexican-American gangs. The U.S. deportation of criminals back to the region in the 1990s may have helped lay the foundation for the development of MS-13 and M-18 in Central America.<sup>87</sup> Although estimates of the number of gang members in Central America vary widely, the U.S. Southern Command maintains that there are some 70,000, concentrated largely in Honduras, El Salvador, and Guatemala.<sup>88</sup>

During his term, President Maduro (2002-2006) increased the number of police officers and signed legislation that made *maras* (street gangs) illegal and gang membership punishable with 12 years in prison. Although the crackdown won popular support and initially reduced crime, its success was short-lived. Following his election, President Zelaya replaced the previous administration's zero-tolerance policy with dialogue and other outreach techniques designed to convince gang members to give up violence and reintegrate into society.<sup>89</sup> Failure to achieve concrete results, however, led the Zelaya Administration to shift its emphasis toward more traditional anti-gang law enforcement operations. The Administration increased the number of police and military troops in the streets and conducted raids against suspected criminals. Nonetheless, crime and violence in Honduras have continued unabated.<sup>90</sup>

Several U.S. agencies have been involved in assisting Honduras and other Central American countries in dealing with the gang problem.<sup>91</sup> On the law enforcement side, the FBI and the U.S. Immigration and Customs Enforcement (ICE) have worked closely with Honduran law enforcement and the United States has provided anti-gang training for Honduran police and prosecutors.<sup>92</sup> The U.S. Agency for International Development, while not having a specific program focusing on gangs, supports several programs that attack the risk factors associated with gang membership and violence. These include a program to provide basic education skills to at-risk youths and a program to improve the effectiveness and transparency of the justice system.<sup>93</sup> In July 2007, the United States pledged \$4 million to help Central American governments draft a

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Rights Practices," February 25, 2009.

<sup>87</sup> Ana Arana, "How the Street Gangs Took Central America," *Foreign Affairs*, May 1, 2005.

<sup>88</sup> House Armed Services Committee, Posture Statement of Gen. Bantz Craddock, Commander, U.S. Southern Command, March 9, 2005.

<sup>89</sup> "Honduran Government Reaches Out to Rehabilitate Gangs," *ACAN-EFE*, January 30, 2006.

<sup>90</sup> Marion Barbel, "Homicide Rate Confirms Honduras as One of Region's Most Violent Nations," *Global Insight Daily Analysis*, September 11, 2008.

<sup>91</sup> See CRS Report RL34112, *Gangs in Central America*, by Clare Ribando Seelke.

<sup>92</sup> House Committee on International Relations, Subcommittee on the Western Hemisphere, Statement of John P. Torres, U.S. Immigration and Customs Enforcement, U.S. Department of Homeland Security, Hearing on "Gangs and Crime in Latin America," April 20, 2005.

<sup>93</sup> U.S. Agency for International Development, "Central America and Mexico Gang Assessment, Annex 3: Honduras Profile," April 2006.

regional security strategy to fight street gangs and drug trafficking.<sup>94</sup> As noted above, Congress has also provided funding to Central America through the Mérida Initiative to boost the region's counternarcotics capabilities and support the development of a regional anti-gang strategy.

## Migration Issues

### Temporary Protected Status

In the aftermath of Hurricane Mitch in 1998, the United States provided temporary protected status (TPS) to eligible Hondurans who may otherwise have been deported from the United States. Originally slated to expire in July 2000, TPS status has now been extended seven times due to the U.S. government's assessment that Honduras would have difficulty in coping with the deportees' returns. The most recent TPS extension came in October 2008, when then-Secretary of Homeland Security Michael Chertoff announced that the U.S. would continue to provide TPS for an additional 18 months, expiring on July 5, 2010. Homeland Security officials maintain that the TPS extension was necessary because Honduras continues to face social and economic challenges in its efforts to restore the nation to normalcy despite the significant progress the country has made in terms of recovery and rebuilding. Some 78,000 Hondurans benefit from TPS.<sup>95</sup>

### Deportations<sup>96</sup>

Deportations to Honduras have increased significantly over the past decade. About 30,000 Hondurans were deported from the United States in both FY2007 and FY2008, making Honduras one of the top recipients of deportees on a per capita basis.<sup>97</sup> Increasing deportations from the United States have been accompanied by similar increases in deportations from Mexico, a transit country for Central American migrants bound for the United States. Honduran policymakers are concerned about their country's ability to absorb the large volume of deportees, as it is often difficult for those returning to the country to find gainful employment. Individuals who do not speak Spanish, who are tattooed, who have criminal records, and/or who lack familial support face additional difficulties re-integrating into Honduran society. In addition to these social problems, leaders are concerned that remittances may start to fall if the current high rates of deportations continue.<sup>98</sup> In March 2007, the Honduran Congress approved a motion calling for the United States to halt deportations of undocumented Honduran migrants who live and work in the United States.<sup>99</sup>

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<sup>94</sup> "U.S. Offers Funds to Help Fight Central America Gangs," *Reuters*, July 18, 2007.

<sup>95</sup> U.S. Department of Homeland Security, Citizenship and Immigration Services, "Extension of the Designation of Honduras for Temporary Protected Status," October 1, 2008. For background on TPS, see CRS Report RS20844, *Temporary Protected Status: Current Immigration Policy and Issues*, by Ruth Ellen Wasem and Karma Ester.

<sup>96</sup> Clare Ribando Seelke contributed information to this section. Also see CRS Report RL34112, *Gangs in Central America*, by Clare Ribando Seelke.

<sup>97</sup> Information Provided to CRS by the Department of Homeland Security, Immigration and Customs Enforcement, Office of Detention and Removal.

<sup>98</sup> Pamela Constable, "Deportees' Bittersweet Homecoming; Migration is Boon, Bane for Honduras," *Washington Post*, June 27, 2007.

<sup>99</sup> "CN Pide a EEUU que Cesen las Deportaciones de Compatriotas," *La Tribuna* (Honduras), March 14, 2007.

Some analysts contend that increasing U.S. deportations of individuals with criminal records has exacerbated the gang problem in Honduras and other Central American countries. By the mid-1990s, the civil conflicts in Central America had ended and the United States began deporting unauthorized immigrants, many with criminal convictions, back to the region. Between 2000 and 2004, an estimated 20,000 criminals were sent back to Central America, many of whom had spent time in prisons in the United States for drug and/or gang-related offenses. Some observers contend that gang-deportees have “exported” a Los Angeles gang culture to Central America, and that they have recruited new members from among the local populations.<sup>100</sup> Although a recent United Nations study found little conclusive evidence to support their claims, the media and many Central American officials have attributed a large proportion of the rise in violent crime in the region to gangs, particularly gang-deportees from the United States.<sup>101</sup> In July 2007 testimony before the House Subcommittee on the Western Hemisphere, the Honduran Ambassador to the United States asserted that although the United States provides information to countries on the criminal background of deportees, the information does not include whether the repatriated nationals are gang members. About 19% of Hondurans deported from the United States in FY2008 were removed on criminal grounds.<sup>102</sup>

## Drug Trafficking

Honduras is a transit country for cocaine and heroin flowing from the Andean region of South America to the United States and Europe. It is also increasingly a transshipment point for precursor chemicals used in the production of methamphetamine. Remote and poorly controlled areas of Honduras along the country’s north coast are natural safe havens for drug traffickers, providing them with isolated areas for trafficking operations, such as refueling maritime assets and making boat-to-boat transfers.

The U.S. State Department’s 2009 International Narcotics Control Strategy Report acknowledges the government of Honduras for its ongoing cooperation with the United States on counternarcotics efforts, noting that successful joint operations led to an increase in narcotics arrests and seizures. In 2008, the government of Honduras seized 6.5 metric tons of cocaine, 2 kilograms of crack cocaine, 19.6 kilograms of heroin, 3 metric tons of marijuana, 3.5 million pseudoephedrine pills, and over five tons of precursor chemicals. These seizures also led to 721 arrests and the confiscation of \$6.7 million in assets. The United States has supported a variety of anticorruption, police training, and maritime operations programs intended to improve Honduras’ counternarcotics capabilities.<sup>103</sup>

Honduras’ counternarcotics efforts continue to face a number of obstacles, however, including funding constraints, official corruption, and insufficient precursor chemical controls. Additionally, Mexican drug cartels have expanded their operations in Honduras. It has been reported that the Gulf and Sinaloa cartels now engage in direct and indirect operations within Honduras, especially

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<sup>100</sup> Ana Arana, “How the Street Gangs Took Central America,” *Foreign Affairs*, May/June 2005.

<sup>101</sup> United Nations Office on Drugs and Crime (UNODC), *Crime and Development in Central America: Caught in the Crossfire*, May 2007.

<sup>102</sup> Information Provided to CRS by the Department of Homeland Security, Immigration and Customs Enforcement, Office of Detention and Removal.

<sup>103</sup> U.S. Department of State Bureau for International Narcotics and Law Enforcement Affairs, “2009 International Narcotics Control Strategy Report (INCSR),” February 27, 2009.

along the northern and Atlantic coast, and that Los Zetas have cells in every department of the country.<sup>104</sup>

In October 2008, President Zelaya became the first Latin American president to openly suggest the legalization of narcotics. He argued that drug trafficking has led to increased violence and that supporting addict treatment programs would be a better use of the government's resources.<sup>105</sup> Nonetheless, Honduras has continued its counternarcotics efforts. In January 2009, President Zelaya signed a letter of agreement with the United States to implement the Mérida Initiative, and in February 2009, the United States began construction on a counternarcotics base in the Honduran department of Gracias a Dios, which borders Nicaragua and the Caribbean and is a major corridor for traffickers.

## **Human Trafficking**

According to the State Department's 2009 Trafficking in Persons (TIP) Report, Honduras is primarily a source and transit country for women and children trafficked for the purpose of commercial sexual exploitation. Many victims are trafficked from rural areas to tourist and urban locales such as Tegucigalpa, San Pedro Sula, and the Bay Islands. Destination countries for trafficked Honduran women and children include the United States, Mexico, Guatemala, El Salvador, and Belize. There are also foreign victims of commercial sexual exploitation in Honduras, most having been trafficked from neighboring countries, including economic migrants en route to the United States.

While the State Department maintains that Honduras does not fully comply with the minimum standards for the elimination of trafficking, it notes that the government is making significant efforts to do so. As a result, Honduras is considered a so-called "Tier 2" country. The report recognizes the Honduran government's increased efforts to investigate trafficking. While Honduras opened just 24 trafficking-related investigations in 2006, and 74 in 2007, it opened 82 investigations in 2008, leading to 18 prosecutions and 11 convictions. The report also recognized some progress in trafficking protection and prevention. In addition to training police to better identify trafficking victims, the Honduran government trained 500 tourism sector workers in trafficking prevention. Nonetheless, the report indicates a number of areas in which Honduras can do more to combat trafficking. It recommends that the Honduran government increase its shelter aid and victims services, amend anti-trafficking laws to prohibit labor trafficking, continue raising public awareness, and increase criminal investigations—including investigations of corrupt public officials involved in trafficking activities.<sup>106</sup>

## **Port Security**

Honduras and the United States have cooperated extensively on port security. For the United States, port security emerged as an important element of homeland security in the aftermath of the September 11, 2001 terrorist attacks. Honduras views such cooperation as important in order to

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<sup>104</sup> "Carteles mexicanas azotan a Honduras," *La Prensa* (Honduras), August 27, 2008; "Los Zetas hondureños, nueva pesadilla para los inmigrantes," *El Tiempo* (Honduras), March 18, 2009.

<sup>105</sup> "Honduras floats drug legalisation," *Latin News Daily*, October 14, 2008.

<sup>106</sup> U.S. Department of State, Office to Monitor and Combat Trafficking in Persons, "Trafficking in Persons Report," June 2008 and June 2009.

ensure the speedy export of its products to the United States, which in turn could increase U.S. investment in the country.

In March 2006, U.S. officials announced the inclusion of the largest port in Honduras, Puerto Cortés, in the U.S. Container Security Initiative (CSI). CSI is operated by the U.S. Customs and Border Protection (CBP) of the Department of Homeland Security, and uses a security regime to ensure that all containers that pose a potential risk for terrorism are identified and inspected at foreign ports before they are placed on vessels destined for the United States. Honduras also participates in the Department of Energy's Megaports Initiative, which supplies ports with equipment capable of detecting nuclear or radioactive materials, and the Secure Freight Initiative (SFI), which deploys equipment capable of scanning containers for radiation and information risk factors before they are allowed to depart for the United States. Puerto Cortés was one of six ports around the world chosen to be part of the first phase of the SFI.<sup>107</sup>

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<sup>107</sup> U.S. Department of Homeland Security, "DHS and DOE Launch Secure Freight Initiative," Press Release, December 7, 2006, and "Secure Freight Initiative Becomes Fully Operational in United Kingdom, Pakistan, and Honduras," Press Release, October 12, 2007.